

## Message Text

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ORIGIN PM-03

INFO OCT-01 EUR-12 ISO-00 OES-03 MC-02 DODE-00 EB-07

NSAE-00 TRSE-00 ERDA-05 CIAE-00 COME-00 L-02 ACDA-05

INR-07 NASA-01 NSC-05 /053 R

DRAFTED BY PM/MC:SKOUMANELIS:BB

APPROVED BY PM/MC:WBROBINSON

EUR/CE - RFLATIN

OES/SCI:DVOGT

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R 262315Z FEB 75

FM SECSTATE WASHDC

TO AMEMBASSY BERN

INFO AMCONSUL ZURICH

AMEMBASSY PARIS

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E.O. 11652:N/A

TAGS: MILI

SUBJECT: REQUEST FOR MUNITIONS CONTROL APPROVAL OF  
LICENSING AGREEMENT BETWEEN MCDONNELL DOUGLAS AND  
CONTRAVES AG (SWITZERLAND)

REF: BERN 0215

1. BY LETTER OF FEBRUARY 25,1975, THE DEPARTMENT OF STATE  
RESPONDED TO A MCDONNELL DOUGLAS REQUEST FOR APPROVAL OF A  
PROPOSED LICENSING AGREEMENT WITH CONTRAVES AG CONCERNING  
THE MANUFACTURE IN SWITZERLAND OF A PYROTECHNIC SEPARATION  
SYSTEM FOR USE IN ESRO'S ARIANE LAUNCH VEHICLE PROGRAM.  
THIS CASE WAS THE SUBJECT OF BERN'S 0215. THE TEXT OF  
THE DEPARTMENT'S LETTER FOLLOWS:

2. YOUR LETTER OF NOVEMBER 22, 1974 (YOUR REFERENCE A3-  
130-SSP-741882) REQUESTED DEPARTMENT OF STATE APPROVAL  
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OF A PRELIMINARY DRAFT AGREEMENT WITH CONTRAVES AG OF

SWITZERLAND FOR THE MANUFACTURE OF A PYROTECHNIC SEPARATION SYSTEM FOR THE ARIANE (ALSO KNOWN AS THE L3S) EUROPEAN LAUNCH VEHICLE PROGRAM. THE REQUEST IS DIRECTLY RELATED TO MC CASE 93-74 IN WHICH THE DEPARTMENT AUTHORIZED YOUR FIRM TO SELL THE SEPARATION SYSTEM IN THE FORM OF HARDWARE MANUFACTURED IN THE UNITED STATES AND ASSIST CONTRAVES IN THE INTEGRATION OF THE EQUIPMENT WITH THE ARIANE NOSE FAIRING.

3. ACCORDING TO YOUR LETTER, THE REASON FOR THE NEW PROPOSAL IS THAT CONTRAVE'S CUSTOMER, SNIAS OF FRANCE WILL NOT ALLOW THE PURCHASE OF THE HARDWARE FROM THE UNITED STATES UNLESS CONTRAVES ACQUIRES THE CAPABILITY TO PRODUCE IT IN SWITZERLAND SO AS TO ENSURE CONTINUED SUPPLY IN CASE EITHER YOUR FIRM DISCONTINUES THE PRODUCTION OF THE EQUIPMENT OR THE US GOVERNMENT REFUSES TO LICENSE ITS EXPORTATION IN THE FUTURE.

4. AFTER CAREFUL REVIEW THE DEPARTMENT HAS CONCLUDED THAT YOUR REQUEST CANNOT BE APPROVED AT THIS TIME. AS YOU WERE ADVISED BY THE DEPARTMENT'S LETTER OF SEPTEMBER 16, 1974 APPROVING THE HARDWARE SALE, CURRENT US GOVERNMENT POLICY IS TO ENCOURAGE THE SALE OF SPACE HARDWARE AND SERVICES AND AVOID THE TRANSFER OF THE TECHNOLOGY AND KNOW-HOW RELATED TO THE PRODUCTION OF SUCH HARDWARE AND SERVICES. SINCE THE PROPOSED AGREEMENT INVOLVES THE TRANSFER OF SPACE TECHNOLOGY APPROVAL OF IT WOULD BE INCONSISTENT WITH NATIONAL POLICY. FURTHERMORE, THE DEPARTMENT COULD NOT, AS A MATTER OF GENERAL PRINCIPLE, APPROVE THE LICENSING AGREEMENT FOR THE PURPOSE OF INSURING AGAINST POSSIBLE FUTURE DENIALS OF REQUESTS TO EXPORT THE SYSTEM ON A HARDWARE BASIS. THIS WOULD ESTABLISH AN UNDESIRABLE PRECEDENT AND ONE THAT WOULD BE IMPLICITLY CONTRARY TO THE DEPARTMENT'S INTERNATIONAL TRAFFIC IN ARMS REGULATIONS.

5. YOU MAY ASSURE THE FOREIGN PRINCIPALS INVOLVED IN THIS OVERALL TRANSACTION THAT THE DEPARTMENT OF STATE DOES NOT ANTICIPATE ANY SUBSTANTIVE CHANGES IN ITS SPACE POLICY AND CONSEQUENTLY IT WILL CONTINUE ENCOURAGING AND LIMITED OFFICIAL USE

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LICENSING THE EXPORTATION OF US SPACE PRODUCTS FOR ACCEPTABLE END-USES. YOU MAY ALSO ASSURE THEM THAT IN THE EVENT THAT THE SYSTEM GOES OUT OF PRODUCTION IN THE UNITED STATES, THE DEPARTMENT WOULD BE PREPARED TO CONSIDER LICENSING ITS MANUFACTURE ABROAD. THE DEPARTMENT UNDERSTANDS THAT THE SYSTEM, WHICH REPRESENTS STATE-OF-THE-ART TECHNOLOGY, IS CURRENTLY USED IN NASA AND AIR FORCE LAUNCH VEHICLES.

6. SHOULD YOU OR ANY OTHER REPRESENTATIVE OF YOUR FIRM WISH TO DISCUSS THE CASE IN GREATER DETAIL PLEASE DO NOT HESITATE TO COMMUNICATE WITH THE DEPARTMENT. END TEXT.

7. THE LETTER TO MCDONNELL DOUGLAS IS FOR YOUR INFORMATION. THE COMPANY INFORMED THE DEPARTMENT THAT IT

INTENDS TO APPRISE CONTRAVES OF THE USG POSITION ON THE PROPOSED LICENSING ARRANGEMENT. THE EMBASSY MAY DRAW UPON THE TEXT TO ANSWER ANY QUESTIONS IT MAY BE ASKED. KISSINGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ARMS EXPORT LICENSES, MUNITIONS CONTROLS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 26 FEB 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MorefiRH  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975STATE044005  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** SKOUMANELIS:BB  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750069-0240  
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**Office:** ORIGIN PM  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 BERN 0215  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** MorefiRH  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 21 MAY 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <21 MAY 2003 by ifshinsr>; APPROVED <21 MAY 2003 by MorefiRH>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** REQUEST FOR MUNITIONS CONTROL APPROVAL OF LICENSING AGREEMENT BETWEEN MCDONNELL DOUGLAS AND  
**TAGS:** MILI, US, SZ, MCDONNELL DOUGLAS, CONTRAVES AG  
**To:** BERN  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006